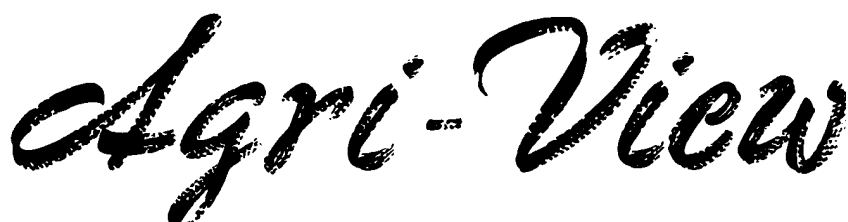


**MINNESOTA  
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**MINNESOTA SPRING WHEAT YIELD DOWN FROM RECORD HIGH**

Minnesota's **SPRING WHEAT** yield at 55 bushels per acre is down 3 bushels from last year's record yield of 58 bushels per acre. Spring wheat production at 89.7 million bushels is down 14 percent from 2003. Spring wheat planted is 1.7 million acres, down 150,000 acres from last year. Acres harvested for grain is 1.63 million, down 170,000 acres from last year.

**DURUM WHEAT** production is estimated at 55,000 bushels, down 53 percent from 116,000 bushels in 2003. Yield at 55.0 bushels per acre is down 3 bushels from the previous year's yield of 58 bushels.

**WINTER WHEAT** production at 1 million bushels is up 4 percent from last year. Acres harvested for grain in 2004 is 25,000 compared to 23,000 acres in 2003. Yield at 40.0 bushels per acre is down 2 bushels from 2003.

**OAT** production is estimated at 14 million bushels, down 26 percent from last year. Acres harvested for grain in 2004 is 200,000, down 65,000 acres from 2003. The yield at 70.0 bushels per acre is down one bushel from last year.

**BARLEY** production of 8.1 million bushels is down 37 percent from last year. Barley planted is 130,000 acres, down 60,000 acres from last year. Acres harvested for grain in 2004 is 115,000. Yield at 70.0 bushels per acre is down 5 bushels from 2003.

**MINNESOTA CORN AND SOYBEAN STOCKS  
AT THE LOWEST LEVEL SINCE 1997**

**OLD CROP CORN** stocks held in all positions on September 1, 2004 totaled 120.5 million bushels, 2 percent below a year earlier and the lowest level since 1997. On-farm stocks accounted for 62 percent of the total or 75.0 million bushels.

**OLD CROP SOYBEAN** stocks in all positions totaled 12.8 million bushels, down 35 percent from September 1, 2003 and also the lowest level since 1997. On-farm stocks accounted for 45 percent of the total or 5.8 million bushels.

**ALL WHEAT** stocks held in all positions totaled 111.3 million bushels, 15 percent below a year ago. On-farm stocks accounted for 78 percent of the total or 87.0 million bushels.

**BARLEY** stocks were up 35 percent from a year ago. Total holdings in all positions were 29.2 million bushels, with 27 percent held on farms.

**OAT** stocks totaled 22.4 million bushels, 14 percent below a year ago. On-farm stocks accounted for 47 percent of the total.

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### MINNESOTA & U.S. SEPTEMBER 1 HARVESTED ACRES, YIELD, AND PRODUCTION

COMMODITY	2003 HARVESTED ACRES (000)	2004 HARVESTED ACRES (000)	2003 YIELD	2004 YIELD	2003 PRODUCTION (000)	2004 PRODUCTION (000)
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#### MINNESOTA

SPRING WHEAT (Bu)	1,800	1,630	58.0	55.0	104,400	89,650
DURUM WHEAT (Bu)	2	1	58.0	55.0	116	55
WINTER WHEAT (Bu)	23	25	42.0	40.0	966	1,000
BARLEY (Bu)	170	170	75.0	70.0	12,750	8,050
OATS (Bu)	265	200	71.0	70.0	18,815	14,000

#### UNITED STATES

SPRING WHEAT (Bu)	13,441	13,294	39.5	43.1	531,402	573,618
DURUM WHEAT (Bu)	2,869	2,448	33.7	37.0	96,637	90,468
WINTER WHEAT (Bu)	36,753	34,462	46.7	43.5	1,716,721	1,499,434
BARLEY (Bu)	4,727	4,031	58.9	69.5	278,283	280,103
OATS (Bu)	2,220	1,807	65.0	64.5	144,383	116,505

### MINNESOTA & U.S. SEPTEMBER 1 GRAIN STOCKS

COMMODITY	ON FARM		OFF FARM		TOTAL ALL POSITIONS		% CHANGE PREVIOUS YEAR
	2003	2004	2003	2004	2003	2004	

#### -1,000 BUSHEL- MINNESOTA

CORN	69,000	75,000	54,079	45,532	123,079	120,532	-2
SOYBEANS	7,300	5,800	12,278	6,977	19,578	12,777	-35
ALL WHEAT	88,000	87,000	42,138	24,271	130,138	111,271	-15
BARLEY	9,700	7,800	11,896	21,402	21,596	29,202	+35
OATS	12,000	10,500	13,974	11,888	25,974	22,388	-14

#### UNITED STATES

CORN	484,900	438,000	601,773	519,672	1,086,673	957,672	-12
SOYBEANS	58,000	29,400	120,329	83,089	178,329	112,489	-37
ALL WHEAT	687,320	795,600	1,351,652	1,146,115	2,038,972	1,941,715	-5
BARLEY	141,900	176,500	99,730	115,305	241,630	291,805	+21
OATS	82,100	74,800	49,637	41,454	131,737	116,254	-12

## SEPTEMBER 1 HOG AND PIG INVENTORIES UP IN MINNESOTA AND U.S.

Minnesota's September 1 inventory of hogs at 6.6 million head was up 2 percent from the previous year and unchanged from the revised June 1, 2004 figure. This is a record inventory for September 1. Breeding hogs were down 2 percent at 590,000 head while market hogs were up 2 percent to 6.01 million head. The U.S. inventory was up 1 percent to 61.4 million head. The national breeding hog inventory at 5.98 million head, was up 1 percent from last year while the market hog inventory at 55.4 million head, was 1 percent above last year.

Minnesota's June-August 2004 pig crop totaled 2,579,000 head, up 5 percent from last year. This is a record pig crop for the September quarter. The 285,000 sows that farrowed averaged 9.05 pigs per litter, up from 8.90 a year ago. The pig crop in the U.S. at 26.0 million head, was up 1 percent from the previous year. Pigs saved per litter were 9.00, compared to 8.90 a year ago.

Minnesota producers say they will farrow 280,000 sows in the September-November 2004 quarter. If realized, this would be unchanged from last year. Producers intend to farrow 280,000 sows during the December 2004-February 2005 quarter. This would be down 2 percent from the previous year. U.S. hog producers intend to have 2.86 million sows farrow during the September-November 2004 quarter, up 1 percent from the previous year and 2.85 million sows for the December 2004-February 2005 quarter, up 1 percent from the previous year.

## FARROWING INTENTIONS

State	SOWS TO FARROW			
	Sept -	%	Dec. 2004-	%
	Nov. 2004	Prev. Yr.	Feb. 2005	Prev. Yr.
	<u>1,000</u>	<u>Pct.</u>	<u>1,000</u>	<u>Pct.</u>
AR	43	123	43	113
CO	70	100	70	96
IL	205	100	205	100
IN	140	97	140	97
IA	450	105	450	113
KS	83	102	82	98
MI	47	92	46	102
<b>MN</b>	<b>280</b>	<b>100</b>	<b>280</b>	<b>98</b>
MO	160	91	160	94
NE	170	94	170	97
NC	550	102	550	100
OH	74	100	74	100
OK	185	100	180	97
PA	48	94	50	94
SD	70	100	71	101
TX	52	158	51	111
WI	22	85	22	92
Other				
Sts 1/	216	103	211	103
US	2,865	101	2,855	101

1/ Individual State estimates not available for the 33 other States.

## SEPTEMBER 1, 2004 HOG INVENTORIES and JUNE-AUGUST 2004 FARROWINGS

State	TOTAL		BREEDING		MARKET HOGS & PIGS 1/						SOWS FARROWED June-August 2004			
	Number	2004 As % of 2003	Number	2004 As % of 2003	Under 60 Pounds	60-119 Pounds	120-179 Pounds	180+ Pounds	TOTAL		Number	2004 As % of 2003	Pigs Per Litter	Pig Crop 2/
									Number	2004 As % of 2003				
	<u>1,000</u>	<u>Pct.</u>	<u>1,000</u>	<u>Pct.</u>	<u>-----1,000-----</u>				<u>1,000</u>	<u>Pct.</u>	<u>1,000</u>	<u>Pct.</u>	<u>Num.</u>	<u>1,000</u>
AR	320	114	80	100	140	35	35	30	240	120	43	116	9.40	404
CO	710	92	140	108	310	85	75	100	570	89	70	103	8.40	588
IL	4,000	101	410	98	1,380	840	770	600	3,590	102	205	95	8.90	1,825
IN	3,250	107	300	100	1,080	710	600	560	2,950	107	140	93	9.00	1,260
IA	16,300	101	1,060	103	4,640	4,200	3,350	3,050	15,240	101	430	96	8.90	3,827
KS	1,790	107	160	97	550	340	285	455	1,630	108	87	109	8.80	766
MI	940	102	100	100	310	210	170	150	840	102	47	100	9.20	432
<b>MN</b>	<b>6,600</b>	<b>102</b>	<b>590</b>	<b>98</b>	<b>2,420</b>	<b>1,440</b>	<b>1,240</b>	<b>910</b>	<b>6,010</b>	<b>102</b>	<b>285</b>	<b>104</b>	<b>9.05</b>	<b>2,579</b>
MO	2,900	100	330	100	1,260	510	450	350	2,570	100	170	100	9.00	1,530
NE	2,850	93	360	96	970	660	470	390	2,490	93	175	95	8.90	1,558
NC	10,300	101	1,050	105	3,650	2,350	1,850	1,400	9,250	101	560	100	9.15	5,124
OH	1,500	101	160	103	560	330	270	180	1,340	101	74	97	8.90	659
OK	2,460	101	360	100	1,000	370	250	480	2,100	101	195	105	9.00	1,755
PA	1,060	94	105	88	290	245	195	225	955	95	46	90	9.20	423
SD	1,210	94	140	104	370	280	240	180	1,070	93	68	97	9.30	632
TX	1,030	112	110	116	340	185	210	185	920	112	56	114	9.05	507
WI	440	88	50	83	150	90	80	70	390	89	24	83	8.85	212
Oth Sts 3/	3,724	100	478	103	1,120	764	696	667	3,245	100	213	102	9.03	1,924
US	61,384	101	5,983	101	20,540	13,644	11,236	9,982	55,400	101	2,888	99	9.00	26,005

1/ Weight groups may not add to Market due to rounding. 2/ Number of pigs born June-August that were on hand September 1, or had been sold.

3/ Other State estimates include 33 remaining States.

## AUGUST EGG OUTPUT DOWN 3% IN STATE

Minnesota layers produced 241 million eggs during August 2004 versus 249 million in August 2003, a decrease of 3 percent. Laying flocks in the U.S. produced 7.52 billion eggs in August, up 2 percent from a year ago.

### POULTRY STATS - AUGUST

		<u>2003</u>	<u>2004</u>
Total Eggs Produced	MN	249 Mil.	241 Mil.
	U.S.	7,367 Mil.	7,515 Mil.
Number of Layers	MN	11.1 Mil.	10.7 Mil.
	U.S.	334.3 Mil.	342.0 Mil.
Eggs per 100 Layers	MN	2,251	2,262
	U.S.	2,203	2,197
CHICKENS:			
Hatched (August)			
Egg-Type	MN	1.1 Mil.	0.8 Mil.
	U.S.	33.2 Mil.	36.0 Mil.
Broiler-Type	U.S.	784.0 Mil.	809.8 Mil.
Eggs in Incubators (September 1)			
Egg-Type	WNC*	7.3 Mil.	6.9 Mil.
	U.S.	32.2 Mil.	32.5 Mil.
Broiler-Type	WNC*	21.6 Mil.	23.8 Mil.
	U.S.	632.7 Mil.	654.4 Mil.
TURKEYS:			
Placed (August)	WNC*	8.8 Mil.	9.3 Mil.
	U.S.	24.0 Mil.	23.7 Mil.
Eggs in Incubators (September 1)			
	WNC*	11.3 Mil.	11.1 Mil.
	U.S.	28.4 Mil.	28.3 Mil.

\*West North Central Region (Iowa, Kansas, Missouri, Nebraska, North Dakota, South Dakota, Minnesota.)

## REACTION TO SEPT. 30, 2004 GRAIN STOCKS REPORT

The Sept. 30, 2004 crop report released on Thursday showed that stocks of corn as of Sept. 1 were 958 mil. Bu. down 12% from one year ago. Disappearance for the period June-August was 2.01 billion bu, up from 1.90 billion bu one year ago. Soybean stocks as of Sept. 1 were 112 mil bu, down 37% from one year ago. Disappearance for June to August was 298 mil bu. , down 30% from year ago. Wheat stocks were 1.94 bil bu. down 5% from year ago. Stocks of barley were lower while durum wheat stocks were higher.

Another aspect of this report was the revision of the 2003 soybean crop. Harvested acres increased by 155,000 acres which increase the crop by 238,400 bu. Yields were increase by .5 bu. per acre.

The reaction to this information was negative on Thursday, Sept. 30. Some rebound is expected today - Friday, Oct. 1. Stocks for wheat were expected to be down by 8% ,while 5% was the actual reduction. In spite of the revisions, stocks for 2003/5 are still relative low. Translating this into price can be accomplished by using a stocks to use vs. price forecasting model. I will use a model used at the University of Illinois. The model for corn is:  $1/ \text{Stocks to Use} \times 6.89 + 1.90$ . Using the new data from the stocks report, this translated into average prices of \$2.63 for 2003/4 and \$2.51 for 2004/5 using stocks to use ratios of 9.3 and 11.3 respectively. Local prices are usually \$.15 per bu below this national average. Selling ranges for 2004/5 should be in the range of \$2.25 to \$2.80 to achieve the top 1/2 of the expected selling range.

Soybean forecasts incorporating the new stocks information uses the stocks to use formula:  $1/ \text{stocks to use} \times 14.96 + 4.63$ . Using revised stocks to use numbers, the average price for 2003/4 should be \$8.22 and \$5.75 for 2004/5. Volatility will occur due to the discrepancy of yield in the different regions of the corn belt. World stocks are higher which created pressure on exports. Domestic use has been encouraging, especially ethanol production which increases demand.

Wheat outlook should peg prices in the upper \$3 range and prices should strengthen due to shortages of higher quality wheat.

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